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OCC FACT SHEET:

In Support of Increased Consumer Protection for the Residential Retail Choice Electric Supply Market

I. **Economic Harm:** CT's Economy is Thwarted by Residential Electric Retail Choice

A. OCC Analysis: From Approximately 2015-2020, CT Consumers with Third-Party Electric Suppliers Have Paid An Estimated **\$274 Million** More Than Consumers on Utility Standard Service

i.	2015:	\$58,263,855 Overpayment
ii.	2016:	\$59,011,285 Overpayment
iii.	2017:	\$46,316,174 Overpayment
iv.	2018:	\$38,564,580 Overpayment
v.	2019:	\$38,615,680 Overpayment
vi.	2020:	\$34,407,693 Overpayment

Note: the overpayment figures from 2015-2020 have subsided somewhat due primarily to the gradually decreasing number of consumers participating in the retail choice electric market.

B. Other States Have Issued Reports Detailing Economic Harm from Residential Retail Choice

- i. "Are Consumers Benefitting from Competition? An Analysis of the Individual Residential Electric Supply Market in Massachusetts," March 2018 [Report](#) by the Massachusetts Attorney General's Office; Eversource Exec [Op-Ed](#) in support thereof
- ii. "Competing to Overcharge Consumers: The Competitive Electric Supplier Market in Massachusetts," April 2018 [Report](#) issued by the National Consumer Law Center
- iii. "Maryland's Residential Electric and Gas Supply Markets: Where Do We Go from Here?," November 2019 [Report](#) Issued by the Maryland Office of People's Counsel

C. Third-Party Electric Suppliers Do Not Bring Meaningful Employment to CT

- i. Most marketing is done by third-party agents who are generally paid by commission.
- ii. Telesales marketing vendors are mostly from outside of CT.
- iii. Door-to-door marketing is not as significant as telesales due to CT winters, and many door-to-door marketing agents are bused in from out of state to solicit in CT neighborhoods for a day. OCC [Brief](#) at 62-63.
- iv. Even if in-state, most marketing jobs are transitory. OCC's collective experience shows that most marketing agents do not stay in their positions for meaningful periods of time.

II. **Legislative:** CT Has the Most Robust Consumer Protections Nationally Yet Consumer Harm Persists

A. CT was the first state to implement a Variable Rate Ban through [Public Act No. 15-90](#)

- B. Considerable Consumer Protection Legislation was enacted through [Public Act No. 14-75](#)
- C. The MA Attorney General found: “In Connecticut, the legislature and [PURA] strengthened consumer protections through the adoption of a number of comprehensive measures, including a ban on variable rates. However, these measures have merely mitigated the loss and not transformed the market into one that provides net benefits.” [Report](#) at 40.

III. **CT Regulatory Proceedings:** Despite Strong PURA Enforcement, Consumer Harm is Still Rampant.

- A. Energy Plus: \$4.5M Settlement, PURA [Decision](#), June 11, 2014
- B. North American Power: \$2.6M Settlement, PURA [Decision](#), Oct. 28, 2015
- C. Public Power: \$13k Civil Penalty, PURA [Decision](#), Jan. 20, 2016
- D. Palmco Power: \$5M Settlement & 5-year Stay-out, PURA [Decision](#), Aug. 16, 2017
- E. Spark Energy, \$900k Civil Penalty (pending), PURA [Notice of Violation](#), Mar. 21, 2018
- F. Choice Energy: \$250k Civil Penalty, PURA [Decision](#), June 13, 2018
- G. Liberty Power: \$57,475 Civil Penalty, PURA [Decision](#), July 2, 2018
- H. Spark Energy, \$500k Settlement, PURA [Decision](#), Nov. 6, 2019
- I. Direct Energy: \$1.5M Civil Penalty, PURA [Decision](#), May 1, 2019
- J. Liberty Power: \$750k Settlement, PURA [Decision](#), Oct. 30, 2019
- K. PURA [Decision](#) in Docket No. 18-06-02, placing all hardship customers using suppliers onto standard service for the next two years; OCC analysis demonstrated \$7.2M in overpayments by hardship customers participating in the retail choice market.
- L. Abest Power: \$60k Settlement & Permanent Stay-out, PURA [Decision](#), Dec. 18, 2019
- M. Clearview Energy: \$9k Settlement, PURA [Decision](#), Jan. 15, 2020
- N. Think Energy: \$21k Settlement, PURA [Decision](#), Feb. 19, 2020
- O. Discount Power: PURA Investigation into Marketing (pending)
- P. Town Square Energy: PURA Investigation into Marketing (pending)
- Q. Spark Energy: PURA Investigation into Marketing, Billing, and Enrollment Practices (pending)
- R. Public Power: PURA Investigation into Marketing (pending)

IV. **The Retail Electric Choice Electric Market Causes a State & Regulatory Resource Drain**

- A. All of the above and the sampling of below PURA enforcement proceedings involved thousands and thousands of work hours by staff of resource-strapped state agencies (PURA, OCC, AGO)
- B. PURA Docket No. 13-07-18: Establishment of Rules for Third-Party Electric Suppliers and Electric Utilities Concerning Operations & Marketing in the Electric Retail Market
- C. PURA Docket Nos. 14-07-19, 14-07-19RE01, 14-07-19RE02, 14-07-19RE03, 14-07-19RE04, 14-07-19RE05, and 18-12-22 (ongoing): All investigating issues related to supplier information on the residential electric bill redesign. *Pursuant to Public Act 20-5, PURA now has the legal authority to order that suppliers pay restitution to consumers.*
- D. PURA Docket Nos. 14-07-20 & 14-07-20RE01: Established robust third-party electric supplier [marketing standards](#) effective **August 1, 2020**.
- E. PURA Docket No. 18-06-02: Placed all hardship customers using suppliers onto utility standard service in response to overwhelming evidence of overpayment and consumer harm.
- F. PURA Docket No. 19-10-41 (ongoing): Regulations for supplier licensing.
- G. PURA Docket No. 20-01-33: PURA review of electric utilities’ payment to licensed electric suppliers for uncollectible customer accounts.

- H. PURA Docket No. 16-12-29: Imposed strict marketing standards and product information disclosures on certain suppliers offering products with additional REC content. PURA's [Decision](#) was [appealed](#) by suppliers and is currently before the Superior Court.

V. **Other State Actors Have Called for the End of Residential Retail Choice**

- A. The MA Attorney General Has Co-Sponsored [Legislation](#) to End the Residential Retail Choice Market, Jan. 22, 2019; MA Attorney General's [Press Release](#) to End the Residential Retail Choice Market, Mar. 29, 2018
- B. The IL Attorney General's [Press Release](#) Calling for the End of the Residential Retail Choice Market, Oct. 15, 2018
- C. The Maine Office of the Public Advocate Has Submitted [Legislation](#) that Would End the Residential Retail Choice Market, Dec. 24, 2019.

VI. **CT's Most Vulnerable Populations are Harmed and Targeted in CT's Retail Choice Market**

- A. Vulnerable Populations include, but are not limited to, Senior Citizens, Low-Income Residents, English as a Second Language Residents, and Disabled Residents
 - i. High frequency of consumer complaints come from vulnerable populations
 - ii. Vulnerable populations are more frequently marketed to by electric suppliers
- B. PURA Docket No. [18-06-02](#): Investigated whether "hardship" customers should be placed on electric utility standard service and placed all such customers onto standard service for the next two years in response to OCC testimony and analysis demonstrating \$7.2M in overpayment by hardship customers between 2016-2018. Hardship customers also paid, on average, higher rates than non-hardship customers.
- C. In the Covid-19 pandemic, door-to-door marketing by suppliers poses a serious public health threat. PURA has [requested](#) that all suppliers cease door-to-door marketing during the pandemic. Nonetheless, PURA has [evidence](#) that some suppliers have violated this directive, exposing the public to risk of infection.

VII. **Despite 2015 Ban, Thousands of CT Residential Ratepayers Remain on Variable Contracts**

EDC filings in January 2020 show that approximately 25,000 Residential customers remain on legacy variable rate contracts that continue to auto-renew, with variable rates as high as 20 cents per kWh.